

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED WATER ADJUSTMENT OF )  
BIG SANDY WATER DISTRICT ) CASE NO. 96-021

O R D E R

On January 26, 1996, Big Sandy Water District ("Big Sandy") submitted its application with the Public Service Commission ("Commission") for the purpose of adjusting its rates pursuant to the purchased water adjustment procedure. KRS 278.015 and 807 KAR 5:068. On February 7, 1996, the Commission advised Big Sandy by letter of certain deficiencies in its filing. On February 13, 1996, Big Sandy filed additional information with the Commission. After reviewing the information, the Commission notified Big Sandy by letter February 15, 1996, that its case now met the minimum filing requirements set by regulations.

Big Sandy purchases water from the city of Kenova, West Virginia ("Kenova") and the city of Louisa ("Louisa"). Kenova has informed Big Sandy that it will increase its wholesale rates effective February 1, 1996. Louisa increased its wholesale rate to Big Sandy effective April 1, 1995. The Commission does not have jurisdiction over the wholesale rate of Kenova since it is located in West Virginia. Louisa is required to file with the Commission for approval to increase its wholesale rate and has not done so at this time.

On February 12, 1996, Louisa was notified by letter that in accordance with the Commission's Order in Administrative Case No. 351<sup>1</sup> and KRS 278.160, it is required to submit to the Commission a copy of its contract and a schedule of its wholesale rates and that any revision to its rates must be approved by the Commission. Louisa was notified that it must refund the additional charges collected since the date of the increase, which is April 1, 1995, or credit the amount collected to Big Sandy's account.

The Commission, having reviewed the evidence of record and being otherwise sufficiently advised, finds that:

1. Big Sandy purchases its water from Louisa and Kenova.
2. Big Sandy began purchasing water from Louisa in January of 1995. Big Sandy purchased 1,613,700 gallons from Louisa during the test year. Based on Louisa's January 1995 rates Big Sandy's purchased water costs increased by \$2,140.
3. Effective February 1, 1996, Kenova increased its rate to Big Sandy from \$0.62 per 1,000 gallons to \$0.72 per 1,000 gallons. Kenova's flat monthly rate of \$4,902 did not increase. Big Sandy purchased 191,409,000 gallons from Kenova.
4. During the 12 months ending December 31, 1996, Big Sandy purchased 193,022,700 gallons of water and sold 146,689,400 gallons.

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<sup>1</sup> Administrative Case No. 351, Submission of Contracts and Rates of Municipal Utilities Providing Wholesale Utility Service to Public Utilities.

5. Big Sandy's calculations are incorrect in that the proposed rates are not calculated using the formula set out in 807 KAR 5:068, Purchased Water Adjustment for Water Districts and Associations. Big Sandy calculated its purchased water adjustment using the formula set out in 807 KAR 5:067, Purchased Water Adjustment for Privately Owned Water Utilities. Big Sandy additionally did not include the costs of purchasing water from Louisa in its calculations. The correct calculations are set out in Appendix B to this Order.

6. Based on Big Sandy's increased charges for purchased water, its purchased water costs will increase by \$21,280, resulting in a purchased water adjustment of \$0.15 per 1,000 gallons. Based on an average monthly usage of 5,000 gallons, the average bill of Big Sandy's customers will increase \$0.75 from \$30.30 to \$31.05, or 2.48 percent.

7. Big Sandy's proposed tariff filing is incorrect.

8. Big Sandy's notice to its customers did not state that the Commission may order rates to be charged that differ from the proposed rates as set out in 807 KAR 5:011, Section 8(2)(c). Therefore, Big Sandy should give notice to its customers of the rates as set out in Appendix A.

9. The purchased water adjustment of \$0.15 per 1,000 gallons and the rates in Appendix A, attached hereto and incorporated herein, are fair, just, and reasonable and should be approved.

IT IS THEREFORE ORDERED that:

1. The purchased water adjustment of \$0.15 per 1,000 gallons and the rates in Appendix A are approved for service rendered on and after March 1, 1996.

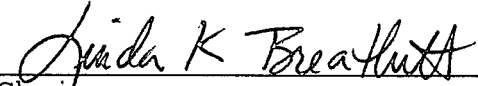
2. Big Sandy's proposed tariff is denied.


3. Within 30 days of the date of this Order, Big Sandy shall file revised tariffs setting out the rates approved herein.

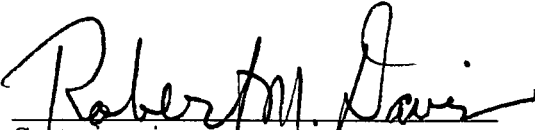
4. Within 30 days of the date of this Order, Big Sandy shall file verification that notice has been given to its customers.

Done at Frankfort, Kentucky, this 1st day of March, 1996.

PUBLIC SERVICE COMMISSION

  
Chairman

  
Vice Chairman

  
Commissioner

ATTEST:

  
Executive Director

## APPENDIX A

### APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 96-021 DATED MARCH 1, 1996.

The following rates and charges are prescribed for the customers in the area served by Big Sandy Water District. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

#### RATES: Monthly

##### 5/8 x 3/4 Inch Connection

First 2,000 gallons	\$14.70	Minimum Bill
Next 8,000 gallons	5.45	per 1,000 gallons
Next 20,000 gallons	4.32	per 1,000 gallons
Next 20,000 gallons	3.56	per 1,000 gallons
Over 50,000 gallons	2.80	per 1,000 gallons

##### 3/4 x 3/4 Inch Connection

First 5,000 gallons	\$31.05	Minimum Bill
Next 5,000 gallons	5.45	per 1,000 gallons
Next 20,000 gallons	4.32	per 1,000 gallons
Next 20,000 gallons	3.56	per 1,000 gallons
Over 50,000 gallons	2.80	per 1,000 gallons

##### 1 Inch Connection

First 10,000 gallons	\$58.30	Minimum Bill
Next 20,000 gallons	4.32	per 1,000 gallons
Next 20,000 gallons	3.56	per 1,000 gallons
Over 50,000 gallons	2.80	per 1,000 gallons

##### 1 1/2 Inch Connection

First 30,000 gallons	\$144.70	Minimum Bill
Next 20,000 gallons	3.56	per 1,000 gallons
Over 50,000 gallons	2.80	per 1,000 gallons

2 Inch Connection

First 50,000 gallons  
Over 50,000 gallons

\$215.90 Minimum Bill  
2.80 per 1,000 gallons

3 Inch Connection

First 100,000 gallons  
Over 100,000 gallons

\$355.90 Minimum Bill  
2.80 per 1,000 gallons

4 Inch Connection

First 200,000 gallons  
Over 200,000 gallons

\$635.90 Minimum Bill  
2.80 per 1,000 gallons